

GAO

Report to the Chairman,
Committee on Foreign Affairs,
House of Representatives

June 1993

FINANCIAL AUDIT

House Interparliamentary Groups' Financial Statements for 1991 and 1990



149465



United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-231290

June 24, 1993

The Honorable Lee H. Hamilton
Chairman, Committee on Foreign Affairs
House of Representatives

Dear Mr. Chairman:

Pursuant to a request from the former Chairman, Dante B. Fascell, and subsequent discussions with the Committee, we audited the balance sheets of the House of Representatives Mexico-United States Interparliamentary Group, Canada-United States Interparliamentary Group, United States-European Community Interparliamentary Group, and the United States Group of the North Atlantic Treaty Parliamentary Conference, all of which your Committee administers, as of December 31, 1991 and 1990, and the related statements of receipts and expenses and changes in fund balance and cash flows for the years then ended. We found

- the financial statements were reliable in all material respects;
- internal controls were effective in protecting assets, assuring material compliance with laws and regulations we tested, and assuring that there were no material misstatements in the financial statements; and
- no material noncompliance with laws and regulations we tested.

The following sections outline each conclusion in more detail and discuss the scope of our audit.

Opinion on Financial Statements

The financial statements and accompanying notes present fairly, in conformity with generally accepted accounting principles, the individual groups'

- assets, liabilities, and fund balance;
- receipts and expenses; and
- cash flows.

As discussed in note 3, the financial statements present only the funds appropriated to the Department of State for expenses incurred by the membership in participation with the four interparliamentary groups previously mentioned. The financial statements do not include certain costs paid from other Department of State and Department of Defense

sources. Also excluded are costs associated with Committee staff support which are provided through other legislative branch appropriations.

Opinion on Internal Controls

The internal controls we evaluated were those designed to

- safeguard assets against loss from unauthorized use or disposition;
- assure the execution of transactions in accordance with laws and regulations we tested; and
- properly record, process, and summarize transactions to permit the preparation of financial statements and to maintain accountability for assets.

Those controls in effect on December 31, 1991, provided reasonable assurance that losses, noncompliance, or misstatements material in relation to the financial statements would be prevented or detected.

Compliance With Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred.

Objectives, Scope, and Methodology

Management is responsible for

- preparing annual financial statements in conformity with generally accepted accounting principles,
- establishing and maintaining internal controls and systems to provide reasonable assurance that the control objectives mentioned above are met, and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statements are reliable (free of material misstatement and presented fairly in conformity with generally accepted accounting principles) and (2) relevant internal controls are in place and operating effectively. We are also responsible for testing compliance with selected provisions of laws and regulations.

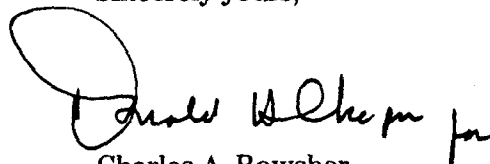
In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- evaluated and tested relevant internal controls which encompassed the following areas: treasury, revenues, expenditures, and financial reporting; and
- tested compliance with selected provisions of the regulations established by the Public Laws applicable to interparliamentary groups as described in note 1.

We limited our work to accounting and other controls necessary to achieve the objectives outlined in our opinion on internal controls. Because of inherent limitations in any system of internal control, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We performed our audit in accordance with generally accepted government auditing standards. We completed our audit work on March 19, 1993.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Charles A. Bowsher", with a stylized flourish at the end.

Charles A. Bowsher
Comptroller General
of the United States

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House of Representatives Mexico-United States Interparliamentary Group

Balance Sheets

	December 31.	
	<u>1991</u>	<u>1990</u>
Assets		
Cash	\$8,871	\$10,370
Accounts receivable	<u>0</u>	<u>21</u>
Total Assets	<u>\$8,871</u>	<u>\$10,391</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ <u>275</u>	\$37,526
Total liabilities	<u>275</u>	<u>37,526</u>
Fund Balance	<u>8,596</u>	<u>(27,135)</u>
Total Liabilities and Fund Balance	<u>\$8,871</u>	<u>\$10,391</u>

The accompanying notes are an integral part of these statements.

House of Representatives Mexico-United
States Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	Year ended December 31,	
	1991	1990
Receipts		
Funds received from the Department of State (note 3)	\$50,000	\$ 24,632
Total receipts	50,000	24,632
Expenses		
Conference planning expense	2,329	934
Official conference expense	11,189	57,759
Miscellaneous	751	1,654
Total expenses	14,269	60,347
Excess of receipts over expenses (expenses over receipts)	35,731	(35,715)
Fund balance, beginning of year	(27,135)	8,580
Fund Balance, End of Year	\$ 8,596	\$(27,135)

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	Year ended December 31,	
	<u>1991</u>	<u>1990</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$50,000	\$ 24,632
Cash received for reimbursement	21	240
Cash paid for conference activities	<u>(51,520)</u>	<u>(26,790)</u>
Net cash (used) by operating activities	<u>(1,499)</u>	<u>(1,918)</u>
Net (Decrease) in Cash	(1,499)	(1,918)
Cash at beginning of year	<u>10,370</u>	<u>12,289</u>
Cash at End of Year	<u>\$ 8,871</u>	<u>\$ 10,370</u>
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	<u>\$35,731</u>	<u>\$(35,715)</u>
Adjustments to reconcile excess of receipts over expenses (expenses over receipts) to net cash provided (used) by operating activities		
Decrease in accounts receivable	21	50
Increase (decrease) in accounts payable	<u>(37,251)</u>	<u>33,747</u>
Total adjustments	<u>(37,230)</u>	<u>33,797</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,499)</u>	<u>\$ (1,918)</u>

The accompanying notes are an integral part of these statements.

House of Representatives Canada-United States Interparliamentary Group

Balance Sheets

	December 31,	
	1991	1990
Assets		
Cash	\$27,501	\$17,540
Accounts receivable	<u>31</u>	<u>0</u>
Total Assets	<u>\$27,532</u>	<u>\$17,540</u>
Liabilities and Fund Balance		
Total Liabilities	<u>0</u>	<u>0</u>
Fund Balance	<u>\$27,532</u>	<u>\$17,540</u>
Total Liabilities and Fund Balance	<u>\$27,532</u>	<u>\$17,540</u>

The accompanying notes are an integral part of these statements.

Statements of Receipts and Expenses and Changes in Fund Balance

	Year ended December 31,	
	<u>1991</u>	<u>1990</u>
Receipts		
Funds received from the Department of State (note 3)	<u>\$25,000</u>	<u>\$24,632</u>
Total receipts	<u>25,000</u>	<u>24,632</u>
Expenses		
Conference planning expense	1,502	838
Official conference expense	13,506	29,147
Miscellaneous	<u>0</u>	<u>154</u>
Total expenses	<u>15,008</u>	<u>30,139</u>
Excess of receipts over expenses (expenses over receipts)	9,992	(5,507)
Fund balance, beginning of year	<u>17,540</u>	<u>23,047</u>
Fund Balance, End of Year	<u>\$27,532</u>	<u>\$17,540</u>

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

	Year ended December 31,	
	<u>1991</u>	<u>1990</u>
Cash Flows From Operating Activities		
Cash received from the Department of State	\$25,000	\$24,632
Cash received for reimbursement	0	142
Cash paid for conference activities	(15,039)	(30,539)
Net cash provided (used) by operating activities	<u>9,961</u>	<u>(5,765)</u>
Net Increase (Decrease) in Cash	9,961	(5,765)
Cash at beginning of year	<u>17,540</u>	<u>23,305</u>
Cash at End of Year	<u>\$27,501</u>	<u>\$17,540</u>
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	\$ <u>9,992</u>	\$ <u>(5,507)</u>
Adjustments to reconcile excess of receipts over expenses (expenses over receipts) to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(31)	142
Increase (decrease) in accounts payable	<u>0</u>	<u>(400)</u>
Total adjustments	<u>(31)</u>	<u>(258)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,961</u>	<u>\$(5,765)</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States-European Community Interparliamentary Group

Balance Sheets

	December 31,	
	<u>1991</u>	<u>1990</u>
Assets		
Cash	\$8,887	\$6,329
Total Assets	\$8,887	\$6,329
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 169	\$ 0
Total liabilities	<u>169</u>	<u>0</u>
Fund Balance	<u>8,718</u>	<u>6,329</u>
Total Liabilities and Fund Balance	\$8,887	\$6,329

The accompanying notes are an integral part of these statements.

House of Representatives
United States-European Community
Interparliamentary Group

Statements of Receipts and Expenses and Changes in Fund Balance

	Year ended December 31,	
	1991	1990
Receipts		
Funds received from the Department of State (note 3)	\$50,000	\$49,265
Total receipts	50,000	49,265
Expenses		
Conference planning expense	1,611	405
Official conference expense	45,892	50,277
Miscellaneous	108	0
Total expenses	47,611	50,682
Excess of receipts over expenses (expenses over receipts)	2,389	(1,417)
Fund balance, beginning of year	6,329	7,746
Fund Balance, End of Year	\$ 8,718	\$ 6,329

The accompanying notes are an integral part of these statements.

House of Representatives
United States-European Community
Interparliamentary Group

Statements of Cash Flows

	Year ended December 31,	
	1991	1990
Cash Flows From Operating Activities		
Cash received from the Department of State	\$50,000	\$49,265
Cash paid for conference activities	(47,442)	(68,685)
Net cash provided (used) by operating activities	2,558	(19,420)
Net Increase (Decrease) in Cash	2,558	(19,420)
Cash at beginning of year	6,329	25,749
Cash at End of Year	\$ 8,887	\$ 6,329
Reconciliations of Excess of Receipts Over Expenses (Expenses Over Receipts) to Net Cash Provided (Used) by Operating Activities		
Excess of receipts over expenses (expenses over receipts)	\$ 2,389	\$ (1,417)
Adjustments to reconcile results of operations (loss) to net cash provided (used) by operating activities		
Decrease in accounts receivable	0	32
Increase (decrease) in accounts payable	169	(18,035)
Total adjustments	169	(18,003)
Net Cash Provided (Used) by Operating Activities	\$ 2,558	\$(19,420)

The accompanying notes are an integral part of these statements.

House of Representatives United States Group of the North Atlantic Treaty Parliamentary Conference

Balance Sheets

	December 31,	
	<u>1991</u>	<u>1990</u>
Assets		
Cash	<u>\$87,431</u>	<u>\$69,205</u>
Total Assets	<u>\$87,431</u>	<u>\$69,205</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	<u>\$ 0</u>	<u>\$ 37</u>
Total liabilities	<u>0</u>	<u>37</u>
Fund Balance	<u>87,431</u>	<u>69,168</u>
Total Liabilities and Fund Balance	<u>\$87,431</u>	<u>\$69,205</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States
Group of the North Atlantic Treaty
Parliamentary Conference

Statements of Receipts and Expenses and Changes in Fund Balance

	<u>Year ended December 31,</u>	
	<u>1991</u>	<u>1990</u>
Receipts		
Funds received from the		
Department of State (note 3)	\$50,000	\$49,265
Miscellaneous	<u>0</u>	<u>887</u>
Total receipts	<u>50,000</u>	<u>50,152</u>
Expenses		
U.S. hosted meeting expense	30,997	4,791
Official conference expense	514	967
Miscellaneous	<u>226</u>	<u>82</u>
Total expenses	<u>31,737</u>	<u>5,840</u>
Excess of receipts over expenses	18,263	44,312
Fund balance, beginning of year	<u>69,168</u>	<u>24,856</u>
Fund Balance, End of Year	<u>\$87,431</u>	<u>\$69,168</u>

The accompanying notes are an integral part of these statements.

House of Representatives United States
Group of the North Atlantic Treaty
Parliamentary Conference

Statements of Cash Flows

	Year ended December 31,	
	1991	1990
Cash Flows From Operating Activities		
Cash received from the Department of State	\$50,000	\$49,265
Cash received for reimbursement	0	887
Cash paid for conference activities	(31,774)	(12,407)
Net cash provided by operating activities	18,226	37,745
Net Increase in Cash	18,226	37,745
Cash at beginning of year	69,205	31,460
Cash at End of Year	\$87,431	\$69,205
<hr/>		
Reconciliations of Excess of Receipts Over Expenses to Net Cash Provided by Operating Activities		
Excess of receipts over expenses	\$18,263	\$44,312
Adjustments to reconcile excess of receipts over expenses to net cash provided by operating activities		
(Decrease) in accounts payable	(37)	(6,567)
Total adjustments	(37)	(6,567)
Net Cash Provided by Operating Activities	\$18,226	\$37,745

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1. Authorizing Legislation

Legislation authorizing United States interparliamentary groups provides for Members of Congress to meet annually with (1) other representative parliamentary groups to discuss common problems in the interest of relations between the United States and Mexico, the United States and Canada, and the United States and European Community and (2) other North Atlantic Treaty Organization members in the interest of maintaining peace and security in the North Atlantic area.

The Mexico-United States Interparliamentary Group was authorized by Public Law 86-420, as amended, 22 U.S.C. 276h-276k (1988 and Supp. III 1991); the Canada-United States Interparliamentary Group was authorized by Public Law 86-42, as amended 22 U.S.C. 276d-276g (1988); the United States-European Community Interparliamentary Group was authorized by Public Law 98-164, section 109(c), 22 U.S.C. 276 note (Supp. III 1991); and the United States Group of the North Atlantic Treaty Parliamentary Conference was authorized by Public Law 84-689, as amended, 22 U.S.C. 1928a-1928e (1988 and Supp. III 1991). These four groups are administered in the House of Representatives by the Committee on Foreign Affairs.

Note 2. Significant Accounting Policies

Accounting records are maintained on an accrual basis.

Note 3. Funding Sources

These financial statements include only activities funded by a Department of State appropriation for expenses incurred by the interparliamentary groups. Also, certain other executive and legislative branch appropriated costs are not included.

The expenses of Members' participation in interparliamentary groups and conferences are paid from funds provided by a permanent, definite appropriation established for the Department of State by Public Law 100-202, section 303 (1987), as amended, 22 U.S.C. 276 note (Supp. III 1991). The following table lists the funds the four interparliamentary groups received from these appropriations for calendar years 1991 and 1990.

**Funds Appropriated to the Department of State and
Used for Interparliamentary Groups**

<u>Group</u>	<u>1991</u>	<u>1990</u>
Mexico-United States	\$ 50,000	\$ 24,632
Canada-United States	25,000	24,632
United States-European Community	50,000	49,265
United States-North Atlantic Treaty Parliamentary Conference	<u>50,000</u>	<u>49,265</u>
Total	<u>\$175,000</u>	<u>\$147,794</u>

These financial statements do not include certain travel and other related costs paid from other Department of State and Department of Defense appropriated funds. In addition, Committee staff support costs related to salaries, office space, utilities, and furnishings paid from other legislative branch appropriations are not included.

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